Amendments to the Claims:

This listing of claims will replace all prior versions, and listings, of claims in the application:

Listing of Claims:

- (Currently Amended) An improved marine vessel comprising:
- a hull, the hull including a transom and having a predetermined waterline intersecting the hull and transom;
- an engine disposed within the hull having an engine driveshaft;
 - a transmission driven by the engine driveshaft;
- an upper driveshaft driven by the engine transmission and spaced vertically apart from the engine driveshaft, said driveshaft passing through the transom; and
- a stern drive attached to the transom, the stern drive including a vertical shaft driven by the upper driveshaft, a propeller shaft driven by the vertical shaft, and a housing attached to the transom and enclosing the vertical shaft;

wherein the propeller shaft exits the housing of the stern drive; and

wherein the upper driveshaft passes through the transom and enters the stern drive above the predetermined waterline.

2. (Original) The vessel of Claim 1, wherein the stern drive includes a mounting plate attached to the transom of the vessel above the predetermined waterline.

- 3. (Original) The vessel of Claim 1, further comprising an actuator disposed between the housing of the stern drive and the transom of the vessel.
- 4. (Original) The vessel of Claim 3, wherein the stern drive further comprises a cantilevered member attached to the housing; and

wherein the actuator is disposed between the cantilevered member and the transom of the vessel.

- 5. (Original) The vessel of Claim 3, wherein the actuator repositions the housing of the stern drive between an operative position below the predetermined waterline and a maintenance position wherein substantially all of the housing of the stern drive is lifted above the predetermined waterline.
- 6. (Original) The vessel of Claim 3, wherein the actuator repositions the housing of the stern drive between a substantially vertical position and a substantially horizontal position.
- 7. (Original) The vessel of Claim 6, wherein the propeller shaft of the stern drive is brought above the predetermined waterline when the stern drive is substantially horizontal position.
- 8. (Original) The vessel of Claim 6, wherein the stern drive is brought completely above the predetermined waterline when in a substantially horizontal position.
- 9. (Original) The vessel of Claim 1, wherein the vertical shaft is driven by the upper driveshaft through a first

set of gears and a universal joint located above the predetermined waterline.

- 10. (Cancelled).
- 11. (Currently Amended) An improved marine vessel comprising:
- a hull, the hull including a transom and having a predetermined waterline intersecting the hull and transom;
 - an engine disposed within the hull;
- an upper driveshaft driven by the engine, said driveshaft passing through the transom; and
- a stern drive attached to the transom, the stern drive including a vertical shaft driven by the upper driveshaft, a propeller shaft driven by the vertical shaft, and a housing attached to the transom and enclosing the vertical shaft,
- wherein the propeller shaft exits the housing of the stern drive,
- wherein the upper driveshaft passes through the transom and enters the stern drive above the predetermined waterline, and

The vessel of Claim-1, wherein the engine drives the upper driveshaft through an engine driveshaft extending from the engine, a flywheel connected to the engine driveshaft, and a drive wheel connected to the upper driveshaft and engaging said flywheel.

- 12. (Currently Amended) <u>An improved marine vessel</u> comprising:
- a hull, the hull including a transom and having a predetermined waterline intersecting the hull and transom;
 - an engine disposed within the hull;

an upper driveshaft driven by the engine, said driveshaft passing through the transom; and

a stern drive attached to the transom, the stern drive including a vertical shaft driven by the upper driveshaft, a propeller shaft driven by the vertical shaft, and a housing attached to the transom and enclosing the vertical shaft,

wherein the propeller shaft exits the housing of the stern drive,

wherein the upper driveshaft passes through the transom and enters the stern drive above the predetermined waterline, and The vessel of Claim 1, wherein the engine drives the upper driveshaft through an engine driveshaft extending from the engine, a lower pulley connected to the engine driveshaft, an upper pulley connected to the upper driveshaft, and one or more belts connecting the lower pulley to the upper pulley.

13. (Cancelled)

- 14. (Original) The vessel of Claim 1, further comprising:
 - a cooling system connected to the engine;
 - a water pump connected to the cooling system;
 - a water intake connected to the water pump; and

wherein the water intake is located outside the stern drive.

- 15. (Original) The vessel of Claim 1, further comprising an exhaust system running from the engine to a terminal point above the predetermined waterline.
- 16. (Original) The vessel of Claim 15, wherein the exhaust system includes a muffler.

17-25. (Cancelled)

26. (New) The vessel of Claim 1, wherein the upper driveshaft is fixed relative to the engine driveshaft.